FINANCE SECRETARIAT

OFFICIAL MEMORANDUM

No. FD 66 BUD 74, BANGALORE, DATED THE 14TH AUGUST 1974.

Subject:—**Budget Estimates, 1975-76.**

The following instructions are issued in connection with the preparation of the Budget Estimates for 1975-76.

2 The calendar for regulating the Budget work for 1975-76 is enclosed. When a period of time is allowed for any item of work, the intention is to secure an even flow of work in the Finance Department and thus avoid rush of work in the last stages. Estimating Officers are requested to see that TOP PRIORITY is given to the Budget work and that returns are sent direct to the *Budget Section* of the Finance Department addressed to the Joint Secretary to Government, Finance Department as soon as they are completed without waiting for the expiry of the prescribed date.

3. As the Estimating Officers are aware, that the reforms in the structure of Budget and Accounts suggested by the Study Team of the Government of India have been implemented by the State Government from the accounting year 1974-75. The Revised and Budget Estimates for 1974-75 and 1975-76 respectively may therefore be prepared in accordance with the revised classification.

4. All estimates should be framed with the greatest care and with due regard to sanctions and actual requirements. Estimates of receipts should be as realistic as possible; and estimates under expenditure heads should provide minimum requirements, keeping in view the several economy measures in force

5. Estimates of expenditure should invariably be shown by detailed heads of account both in respect of Plan and Non-Plan and no lump-sum provisions should be indicated. The common detailed heads of account in the revised structure of Budget and Accounts are given in Annexure-I.

6. Only such sanctions to establishments and other recurring charges as are communicated on or before the 30th-September 1974 should ordinarily be taken into account in framing the expenditure estimates. But a list of further sanctions should be sent to the Finance Department as on the 1st January 1975, immediately after that date.

7 (i). Separate instructions will be issued in due course regarding preparation and submission of estimates in respect of Schemes relating to the Second year of the Fifth Five-Year Plan. Details of staff relating to Plan Schemes Should also be worked out so that these may be included in Appendix 'B'.

(ii). The Estimating Officers should furnish the figures relating to Non-Plan Budget Estimates and return the Budget forms to the Finance Department by the prescribed due dates. The 'Plan' figures may be furnished separately, after the Plan allocations are available. For this purpose, extra copies of the Budget forms shall be made available by the Finance Department. ON NO ACCOUNT THE SUBMISSION OF THE NON-PLAN BUDGET ESTIMATES SHALL BE DELAYED.

8. The Heads of Departments, Divisional Commissioners and Other Estimating Officers should forward only one set of consolidated Estimates in the prescribed printed forms *complete in all respects* to the Finance Department. Special arrangements should be made well in advance for obtaining information from the subordinate officers. It should be noted that the work of consolidation of the estimates received from the subordinate officers after scrutiny is the responsibility of the Chief Controlling Authority who should see that no provision is omitted. Necessary instructions may be issued by the Chief Controlling Officers to the subordinate Estimating Officers under their control in this regard. HEADS OF DEPARTMENTS SHOULD ISSUE INSTRUCTIONS TO THEIR SUBORDINATE OFFICERS NOT TO ENDORSE COPIES OF THE ESTIMATES TO THE FINANCE DEPARTMENT DIRECT, EVEN FOR INFORMATION.

9. The estimates received after the due dates will not be considered and the Departments will be responsible for omissions as a result of such belated proposals. In spite of repeated instructions, Departments have not been adhering to due dates and the attention of all Estimating Officers is drawn to the need for strict observance of the time-schedule.

10. A list of NEW ITEMS of expenditure has to be printed separately as an Appendix to the Budget Memorandum. Information for compiling this Appendix was not, however furnished by the Departments in previous years in spite of instructions in that regard. For the Budget 1975-76, provisions proposed in the Budget Estimates for New Service items as defined in the Annexure II should be indicated in the form of a separate statement giving details of such items as under :—

(*a*) Additional staff (Item 1)	Details of staff and non-recurring expenditure items.	Amount proposed in the Budget, Recurring (on staff) and Non-recurring expenditure
(*b*) Grants and Contributions (Item 3)	Name of the Institution or Organisation.	Amount proposed.
(*c*) Works (Item 4)	Details of works costing more than Rs. 5 lakhs.	
(*d*) Committees (Item 5)	Name of the Committee, purpose and amount involved.	
(*e*) Revision of scales of pay (Item 6)	Details indicating Govt. Order and amount involved.	
(*f*) Loans and Advances. (Item 8)	Where individual amounts exceed Rs. 5 lakhs, details may be given.	

11. The Chief Engineers are requested to take action to forward the Public Works Estimates to the Finance Department within the due dates. Proper instructions may be issued by them to the Officers under their control to furnish necessary data for the preparation and consolidation of the estimates. Delays have frequently occurred in the receipt of these estimates and this has resulted in very little time being available for their proper scrutiny. Arrangements may, therefore, be made to send the estimates strictly on the due dates.

12. It has been observed that there is no co-ordination between the P.W.D and other Departments in framing the estimates for buildings. The concerned departments while framing budget estimates for their departmental buildings should also intimate simultaneously their requirements to the Chief Engineer, Communications and Buildings.

13. In the consolidated Budget Estimates, the totals of major heads are to be rounded off to thousands of rupees and those of minor heads to hundreds of rupees. In fixing the provision under individual heads of account, the provisions will have to be rounded to the nearest hundred. This may be kept in view in preparing the Revised 1974-75 and Budget 1975-76 Estimates at all stages.

14. The Director of Printing, Stationery and Publications is requested to treat all Budget work as urgent and return the Budget sheets on the dates prescribed by the Finance Department. Steps should be taken to see that no delay occurs at any stage in the Press and that the Budget work is given the highest priority by making special arrangements, if need be.

15. Separate detailed instructions regarding preparation of Appendix 'B' Estimates, Revenue and Expenditure Estimates are being issued as usual. Meanwhile, Heads of Departments, Divisional Commissioners and Other Estimating Officers may arrange to get the material ready for these estimates.

A. MOHANDAS MOSES,
Joint Secretary to Government,
Finance Department.

THE CALENDAR FOR REGULATING THE BUDGET WORK FOR 1975-76

Budget Programme

I. Despatch of Budget Sheets by Finance Department (Budget)

		To	*Date*
(i)	Instructions regarding Appendix B Estimates	All Estimating officers	19th August 1974
(ii)	Appendix C (Details of Grants in-aid under "277 Education")	The Directors of Public Instruction, Collegiate Education and Technical Education	
(iii)	Appendix D (Details of Scholarships under "277 Education")	Tne Director of Public Instruction, Collegiate Education and Technical Education.	
(iv)	Appendix E (Details of works Expenditure)	The concerned Chief Engineers, P.W.D.	
(v)	Appendix F (Details of Grants-in-aid under "278 Art and Culture")	Finance Department (Budget Control)	
(vi)	Appendix G (Details of Grants under "280 Medical" and "282 Public Health Sanitation and Water Supply)"	The Director of Health and Family Planning Services in Karnataka, Bangalore.	7th October 1974
(vii)	Appendix H (Details of Grants-in-aid under "288 Social Security and Welfare".)	The Director of Social Welfare in Karnataka, Bangalore and Chief Inspector of Certified Schools and Remand Homes, Bangalore.	
(viii)	Appendix I (Details of Grants-in-aid under "295 Other Social and Community Services")		
	4. I. Donation to Orphanageous and Boarding Homes.	The Director of Public Instruction in Karnataka, Bangalore.	
	5. C. Other items	The Commissioner of Endowments in Karnataka, Bangalore.	
(ix)	Appendix J (Details of Depreciation Fund - Accounts of Government Industrial Concerns)	The Concerned Estimating Officers (Government Commercial concerns.)	
(x)	Revenue Sheets for framing Revenue Estimates.	Concerned Estimating Officers	14th October 1974
(xi)	Expenditure Sheets along with the blank forms for preparation of Expenditure Estimates.	The concerned Estimatiog Officers	21st October 1974
(xii)	Expenditure sheets under capital heads loans and advances.	The concerned Estimating Officers	28th October 1974

II. Receipt in Finance Department of Accountant General's Actuals

		From	
(i)	Actuals for the year 1973-74 under Revenue Expenditure capital and Public Accounts.	The Accountant General, Karnataka, Bangalore.	14th October 1974
(ii)	Actuals for first six months of of 1974-75 under Revenue heads.		5th November 1974
(iii)	Actuals for first six months of 1974-75 under Expenditure Heads.	do	5th November 1974
(iv)	Eight months Actuals for 1974 75 under Revenue and Expenditure to enable Finance Department to revise the Estemates finalised on the basis of six months actuals earlier.	do	5th January 1975

III. Receipt in Finance Department (Budget) of the Following Budget Estimates

(i)	Appendix 'B' Estimates *i. e.* the Details of fixed charges.	Concerned Estimating Officers	23rd September 1974
(ii)	Estimates prepared by the Accountant General.	049. Interest Receipts	11th November 1974
		066. Contributions and Recoveries towards Pension and other retirement benefits	
		068. Miscellaneous General Service	
		249. Interest Payments	26th November 1974
		266. Pension and other Retirement benefits.	
		268. Miscellaneous and General Services (Territorial and Political Pensions and other expenditure)	
		288. Social Security and Welfare-old age pensions	
		603. Internal Debt of the State Government (Part)	
		604. Loans and Advances from State Government.	
(iii)	Revenue Estimates duly framed by the Department.		11th November 1974
(iv)	Expenditure Estimates duly Framed by the Departments		26th November 1974
(v)	Capital Heads, Loans and Advances Heads Estimates duly Framed by the Departments.		26th December 1974

(vi)	Appendices duly filled in by the Concerned Officers.		
	Appendix 'E' ...	By the Concerned Chief Engineers	26th November 1974
	Appendix 'C, D, I' ...	By Director of Public Instruction, Director of Collegiate Education, Director of Technical Ednca-tion and Commissioner for Endowments.	
	Appendix 'F' ...	By Finance Department (Budget Control)	
	Appendix 'G' ...	By Director of Health and Family Planning Services.	
	Appendix 'H' ...	By Director of Social Welfare and Family Planning Services	
	Appendix 'J' ...	By Concrned Estimating Officers Govt. Commercial Concerns.	

IV. Plan

(i)	Preparation by the Planning Department of the Plan Programme for 1975-76 in consultation with Heads of Departments and Administrative Secretariat concerned.	
(ii)	Receipt of Plan Estimates from the Estimating Officers	Immediately after communication of Plan ceiling by the Planning Department.— 6th January 1975

V. Finalisation af Budget Estimates by the Finance Department

(i)	Scrunity and finalisation of Estimates Non-Plan Budget	13th January 1975
(ii)	Finalisation of Plan Outlay for 1975-76 by Budget Heads by the Finance Department	Immediately after receipt of Plan Estimates from the Estimating Officers. 27th January 1975
(iii)	Preparation of Estimates by grants and Major Head Abstract, Ways and Means, Budget Memorandum, etc.	3rd February 1975
(iv)	Consideration of the Budget by Council of Ministers	4th February 1975

VI. Printing and Supply of Budget Documents :

(i)	Despatch of Proofs to the Press for final printing	5th February 1975
(ii)	Supply of copies of Budget Documents to the Legislature, Finance Department, Heads of Departments/Other Estimating Officers, etc.	10th February 1975

ANNEXURE I

Common Detailed Heads of Account

1. Salaries.—
   - Officers
   - Staff
   - Dearness Allowance
   - Other Allowances
2. Wages
3. Travel Expenses
4. Office Expenses
5. Payments for professional and Special Service
6. Rents, Rates and Taxes/Royalty
7. Publications
8. Advertising, Sales and Publicity Expenses
9. Grants-in-aid/Contributions/Subsidies
10. Scholarships and Stipends
11. Hospitality Expenses/Sumptuary Allowances, etc.
12. Secret Service Expenditure
13. Major Works
14. Minor Works
15. Machinery and Equipment/Tools and Plant
16. Motor Vehieles
17. Maintenance
18. Investments/Loans
19. Materials and Supplies
20. Interest/Dividend
21. Pensions/Gratuities
22. Depreciation
23. Inter-Account Transfers
24. Writes-off/Losses
25. Suspense
26. Other Charges

ANNEXURE—I (*concld.*)

NOTES

1. *Salaries* :— will include pay, allowances in all forms of officers and staff and Leave Travel Concession. The expenditure on Leave Travel concession will be classified under "Other Allowances". The object classification will also be utilised for recording expenditure on emoluments and allowances of Heads of State and other High Dignitaries.

2. *Wages*:—will include wages of labourers and of staff at present paid out of contingencies.

3. *Travel Expenses*:—will cover all expenses on account of travel on duty including conveyance and fixed travelling allowance but excluding leave travel concession.

4. *Office Expenses*:—will include all contingent expenditure for running an office, such as, furniture, postage, purchase and maintenance of office machines and equipment, liveries, hot and cold weather charges (excluding wages of staff paid from contingencies) telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of staff cars and other vehicles for office use, as distinct from vehicles for functional purposes like Ambulance Vans, etc. (*vide* 16).

5. *Payment for professional and special services*:—will include charges for legal services, consultancy fees, remuneration to examiners, invigilators etc., for conducting examinations, remuneration to casual artists by the All India Radio and all other types of remuneration for professional services. It will also include payment for services rendered, supplies made by other departments such as, Railway Police, etc., a distinction being made in respect of supplies made, services rendered for the running of an office in which case the expenditure will be recorded under "office expenses".

6. *Rent, Rate and Taxes/Royalty*:—will include payment of rent for hired buildings, municipal rates and taxes, etc. It will also include lease charges for land.

7. *Publications*:—will include expenditure on printing of office Codes and Manuals and other documents, whether priced or non-priced, but will exclude expendiure on printing of publicity material. This will also include discount to agents on sales.

8. *Advertising, Sales and Publicity Expenses*:—will include commission to Agents and printing of publicity material.

11. *Hospitality Expenses/Sumptuary Allowances etc* :—Hospitality expenses will include Entertainment Allowance of High Dignitaries, etc. Expenditure on refreshments served in Inter-departmental meetings, Conferences etc., will, however, be recorded under "Office Expenses".

15. *Machinery and Equipment/Tools & Plant* :—will include machinery equipment, apparatus, etc., other than those required for the running of an office *vide* (4) and special tools and plant acquired for specific works.

16. *Motor Vehicles* :—will include purchase and maintenace of transport vehicles used for functional activities as distinct from those used for running an office, *e.g.*, Ambulance Vans.

17. *Maintenance* :—will record expenditure on maintenance of works, machinery and equipment (covered under items 13, 14 and 15). It will also include repairs incidental to maintenance.

20. *Interest/Dividend* :—will include interest on capital; discount on loans.

21. *Pension/Gratuities* :—will include donations to Service Funds and contributions to Contributory Provident Funds.

23. *Inter Account Transfers* :—will include transfer to and from Reserve Fund, etc., writes back from Capital to Revenues.

24. *Writes off/Losses* :—will include writes off of irrecoverable loans Losses will include trading losses.

26. *Other Charges*:—A residuary head. This will also include rewards and prizes

ANNEXURE II

G. O. No. FD 8 BPA 69, Bangalore, dated the 16th September 1969.

Revised Criteria for New Service.

Issues orders *re* —

ORDER No. FD 8 BPA 69, BANGALORE, DATED THE 16TH SEPTEMBER, 1969

In Government Order No. FD 5 BPA 59, dated 17th February 1960, orders were issued indicating the criteria for treating expenditure on a 'New Service' in order to meet the requirements of Article 205 of the Constitution of India. The Public Accounts Committee of the Legislature have examined the criteria laid down in that Government Order in the light of conditions now prevailing and have recommended modifications of the limits for treating expenditure on 'New Service' as per annexure

2. The Governor is pleased to accept the revised criteria recommended by the Public Accounts Committee for 'New Service' laid down in the Annexure, which should be followed in future in determining whether a particular item of expenditure not contemplated in the Annual Financial Statement (Budget) is a 'New Service' or not. In cases of doubt relating to the interpretation of the term 'New Service', the opinion of the Finance Department is final.

3. The Public Accounts Committee have also recommended that all items of expenditure coming under the category mentioned in the Annexure which are contemplated for the first time and Budget provisions for which are included in the original Budget Estimates for the year should be listed out or detailed in the explanatory notes of the Budget Memorandum for the information of the Legislature. Hence in respect of 'New items' of expenditure falling under this category, the Secretaries to Government and Heads of Departments should see that full particulars are made available to the Finance Department for distinct exhibition in the Annual Budget Estimates.

4. The Secretaries to Government and Heads of Departments are requested to see that expenditure on any item coming under 'New Service' not included in the Budget is not incurred without obtaining the specific approval of the Legislature in the form of Supplementary demands for grants. If need arises to incur additional expenditure over and above the existing provisions under any items or expenditure on items which are proposed to be treated as 'New Service' not contemplated in the Annual Budget Estimates the proposal should be made to the Finance Department through the Administrative Department with the following information.--

(i) why the expenditure could not be contemplated at the time of preparation of the Budget Estimates;

(ii) why the expenditure cannot be postponed to the next year so that expenditure can be incurred after making necessary provision in the Budget.

Any lapse on the part of the Departments to bring to the notice of the Legislature items of expenditure on 'New Service' before the expenditure is incurred will be seriously viewed.

N. S. BHARATH,
Joint Secretary to Government,
Finance Department.

ANNEXURE II—(*contd.*)

NEW SERVICE.

Sl. No.	Item of Expenditure	Criteria for treating the expenditure as on 'New Service'
1		3
1.	Additional Staff for normal increase of work for a purely temporary need in Government Departments.	The employment of additional staff in connection with an existing service for a purely temporary need, (for a specified period) need not be treated as a 'New Service', whatever be the amount involved. The employment of additional staff for re-organisation of existing administrative unit, such as the bifurcation of Revenue or a Police District, or the creation of a new Administrative Unit (*e. g.*, a New Public Works Circle) constitutes 'New Service'. Employment of additional staff for the extension of existing service where the increased expenditure is estimated to be more than double the Budget provision of Rs. 5 lakhs per annum, whichever is more would constitute 'New Instrument of Service' and should be brought specifically to the notice of the Legislature.
2.	Cases (Other than those referred to in Sl. Nos. 1, 6, 8, 11 and 12) already approved by the Legislature, but where expenditure is subsequently expected to exceed appreciably the amount originally intimated to the Legislature.	These cases need not be treated as "New Service" provided the increase over the grant previously voted does not exceed two times the previous grant or Rs. 5 lakhs, whichever is more.
3.	Grants and Contributions ...	When the amount involved exceeds Rs. 1 lakh recurring and Rs. 2 lakhs non-recurring.
4.	Works ...	Works including Electricity Schemes expected to cost more than Rs. 5 lakhs. *Explanation.*— This limit applies to original works as also extension and improvement works.
5.	Committees constituted by Government from time to time.	When the expenditure is estimated to exceed Rs. 1 lakh per annum recurring, or Rs. 3 lakhs non-recurring. The non-recurring expenditure is to be reckoned taking the entire cost *i.e.*, cost of establishment, building, equipment, other amenities etc.
6.	Revision of scales of pay. ...	When the extra expenditure (cost) exceeds Rs. 5 lakhs per annum.
7.	Experiments, Investigations and demonstrations.	As a rule, expenditure on experiments, investigations, demonstrations etc., should not be treated as a "New Service".
8.	Loans and advances whether carrying	Where the amount exceeds Rs. 5 lakhs or cases in which the total amount of loan granted exceeds the original budget provision by 50 per cent or Rs. 5 lakhs whichever is higher.

ANNEXURE II—(*contd.*)

NEW SERVICE.

Sl. No.	Item of Expenditure	Criteria for treating the expenditure as on a 'New Service'
		Explanation.—
		In the case of Government Companies, the provision at Sl. No. 11 would apply.
9.	Change in classification of expenditure.	Expenditure on existing service under one head, but involving provision of funds in a different head due to change in classification of expenditure need not be considered as an expenditure on "New Service".
		Explanation.—
		Where provision for an existing service has been made either in the Revenue, Capital or Loan section and it is proposed to charge the character of the service by transferring it from the existing section to any other section it will constitute 'New Service', if the limits prescribed for such expenditure are exceeded.
10.	Purchase of Tools, Plant and Equipment.	If there is specific provision in the Budget for the purchase, individual purchases need not be treated as 'New Service', irrespective of the cost. Where specific provision is not included in the Budget, the monetary limit shall be Rs. 2 lakhs.
	Investments in and Loans to Government Companies and Departmental Undertakings.	(i) Setting up of a new Government Company or amalgamation of two or more Government Companies will constitute 'New Service' and taking up a new activity by the existing Government company or a departmental undertaking will constitute 'New Service'.
		(ii) Additional investments in an existing departmental undertaking of Rs. 25 lakhs and above or 50 per cent of the Budget provision, whichever is more.
		(iii) Additional investment in or loans to an existing Government Company exceeding Rs. 5 lakhs or 50% of the Budget provision, whichever is more.
21.	Investments in Private sector Companies/Private Institutions.	(i) Investments in share capital of Private Sector Co./ Private Institutions to be made for the first time.
		(ii) Additional investments in share capital to existing Private sector companies/private institutions of Rs. 10 lakhs and above or 50 per cent of the Budget provisions whichever is more.

ANNEXURE II—(*contd.*)

NEW SERVICE.

Sl. No.	Item of Expenditure	Criteria for treating the expenditure as on a 'New Service'
13.	Subsidies ...	In all cases where the losses resulting from difference between the sale and cost price of fertilisers, agricultural implements, foodgrains, etc., are covered by subsidies, the details of scheme of subsidy should be indicated in the Budget documents. Besides showing subsidy as a separate head under the relevant demand adequate details regarding the scheme of subsidy on each commodity and the reasons should be shown in the Budget documents so that the Legislature is fully cognizant of the details of subsidy being voted upon and the reasons for it.

General

All items coming under the above category of 'New Service' which are contemplated for the first time and provisions for which are included in the original Budget Estimate for the year should be listed out or detailed in the explanatory notes of the Budget Memorandum for the information of the Legislature.

N. S. BHARATH,
Budget Officer and Ex-Officio
Deputy Secretary to Government,
Finance Department (Budget).

In-Charge arrangements under Rules 32 and 68 of the K. C. S. Rs—Instructions regarding.

CIRCULAR

No. FD 164 SRS 73, BANGALORE, DATED THE 26TH JUNE 1974.

Rule 32 of the Karnataka Civil Services Rules permits a Government servant to be placed in independent charge of a higher post instead of appointing him to officiate in that post. It follows that the person to be placed in independent chargeof a post should be qualified and eligible to hold that post according to the Cadre and Recruitment Rules. Rule 68 of the Karnataka Civil Services Rules permits a Government servant to be placed in additional charge of another post. He performs only the current duties of the additional post. When a Government servant is placed in additional charge of a post, he has to be qualified and eligible for appointment to that post according to the Cadre and Recruitment Rules.

2. In an arrangement under Rule 32 ibid, the Government servant would be appointed to hold only the higher post having been relieved of his own post. Such an arrangement is normally made owing to some administrative difficulty in appointing the employee to the higher post on an officiating basis. There